


KANSAS
CORPORATION COMMISSION

Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

August 1, 2008

PALOMINO PETROLEUM INC
4924 SE 84TH ST
NEWTON KS 67114

RE: LEASE: DEMEL 2
LEGAL: 1500'FNL-330'FEL 20-16S-12W
COUNTY: BARTON
API NO: 15009250460000

Dear Sir/Madam:

This letter is to inform you that you have been granted an extension of time in which to close the drilling pits associated with the drilling of the Demel 2 well.

The original 365 days for closure expired April 30, 2008. This extension will expire September 20, 2008. We urge you to make every effort to close these pits within this time frame. In the event there is water standing in these pits, please dewater and dispose of fluids in an authorized disposal facility to expedite closure. Extension of this time frame automatically extends the time period for filing the Closure of Surface Pit form.

Failure to close the pit or request an additional extension prior to the expiration date may result in a fine in accordance with K.A.R. 82-3-602(c). An additional extension will only be granted for good cause and after K.C.C. field staff has made an inspection of the site. Should field staff discover that said pit has been closed before the date of extension request, an administrative penalty may be assessed to you through K.C.C. invoice.

If you have any questions in this regard, please do not hesitate to contact Jonelle Rains at (316) 337-6226.

Very sincerely yours,


Doug Louis
Director

cc: Jonelle Rains
District #4



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

Palomino Petroleum, Inc.
4924 SE 84TH ST
NEWTON KS 67114

June 20, 2008

Re: Closure of Drilling Pits

Demel #2
1560' FNL & 330' FEL 20-16S-12W
Barton County
API#15-009-25046

Dear Sirs:

The above referenced well was spudded on 3/3/2007. According to K.A.R. 82-3-602, "Drilling pits ... shall be closed within a maximum of 365 calendar days after the spud date of a well". The subject drilling pits must be closed by 3/2/2008. A Closure of Surface Pit, form CDP-4 (April 2004), should be filed within 30 days after the drilling pits are closed. **Conservation division forms are available through our office and on the KCC web site: <http://kcc.ks.gov/conservation/forms/>**

Should an extension be warranted, it must be received by 3/2/2008. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: 6/20/08

Reason for extension: Full of water

Estimated period of time until pit closure: 3 months

Failure to timely close the pit, file a request for an extension or file the closure form within the allotted time periods may result in assessment of an administrative penalty.

Your cooperation in this process is appreciated. If you have any questions or concerns, please call **Sammy Flaharty** at (316) 337-6227.

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 23 2008

CONSERVATION DIVISION
WICHITA, KS

MEMORANDUM

To: District 4
From: Sammy K. Flaharty
Date: June 24, 2008
Re: Pit Extensions

SKF

The following operators have requested additional extensions of time in which to fill the pits associated with the given lease. Please inspect the lease and let me know what your recommendations are. Your time and work are appreciated.

Palomino Petroleum Inc.
Demel 2
1560'FNL-330'FEL 20-16S-12W
Barton County
15009250460000
Spud ~~6/30/08~~ pit extension expires June 30, 2008

4/30/07

*Case Morris called
7/30/08
give ext.*

FILTER SELECTIO

Search T-Is / Letters

Sec Twpn Rngn

Company API Number

API # Well City Dkt

Oper Lgcy Oper

Work Oper C-1 Oper

WL Type WL Stat Status Source: Status Dt:

Location District #

Dates

Intent Apprv:	<input type="text" value="04/16/2007"/>	Compl:	<input type="text" value="05/09/2007"/>
Permit Expire:	<input type="text" value="10/16/2007"/>	Compl Rpt Rec:	<input type="text" value="08/02/2007"/>
ACO-1 Spud:	<input type="text" value="04/30/2007"/>	Plugged:	<input type="text" value="05/09/2007"/>
District Spud:	<input type="text" value="04/30/2007"/>		

SC Int:	<input type="text" value="380"/>	SGWA:	<input type="checkbox"/>	CP 1:	<input type="text"/>
PIT Cls EXT:	<input type="text" value="06/30/2008"/>	RFAC:	<input type="checkbox"/>	CP 2.3:	<input checked="" type="checkbox"/> Date CP-2/3 Recvd: <input type="text" value="05/09/2007"/>
Pit Cls:	<input type="text"/>	RFAS:	<input type="checkbox"/>	CP 4:	<input checked="" type="checkbox"/> Date CP-4 Recvd: <input type="text" value="05/11/2007"/>
PIT Status:	<input type="text" value="Request Received for Extension"/>	PitLiner:	<input type="checkbox"/>	CDP 5:	<input type="text"/>
Dewater:	<input type="text"/>	Steel:	<input type="checkbox"/>		
BBLs:	<input type="text"/>				